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ROLL NUMBER

DESCRIPTION

4036

2005 SENATE FINANCE AND TAXATION

SCR 4036

2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SCR 4036

Senate Finance and Taxation Committee

Conference Committee

Hearing Date **March 7, 2005**

Tape Number	Side A	Side B	Meter #
# 1		X	28.0 - 60.6
# 2	X		0.0 - 19.4
Committee Clerk Signature <i>Sharon Penzance</i>			

Minutes:

CHAIRMAN URLACHER CALLED THE COMMITTEE TO ORDER AND OPENED THE HEARING ON SCR 4036.

SEN. GRINDBERG: prime sponsor of the bill appeared in support stating the projections by the year 2050 could call for the populations of Fargo and West Fargo to double. I think the issue is both the one as I said in the bill on the authority to build a school building, both communities need the opportunity to grow, both cities have to grow, I think every city we all agree needs to grow or the alternative is death. Economic development grow or die. I believe a study would allow both communities to come together to resolve a fairness issue, to take a lot at both communities in the future, I think that would be important. I would challenge ourselves to have a debate here today, have some good discussion, move this issue forward.

SEN. WARDNER: the resolution from the way I see it revolves around the city of Fargo and the Fargo public schools being in the same boundary, is that really, why is that so important? I

mean pretty soon Fargo is going to be out to Kindred and Kindred I'm sure is going to want to keep their own school district.

ANSWER: I will defer to someone who can answer. When you look out at both cities and look at what's available land, your right, it isn't going to long, its either going to be in Wahpeton some day or, I know its not a very good answer, but I know someone will here will.

REP. HAWKEN: cosponsor of the bill appeared in support stating we did a visionary thing when we were looking at our model county, getting on close to 20 years ago. And actually there were people involved in it both from Fargo and West Fargo and one of those people is the current superintendent of the West Fargo school. Our vision at that time and what we looked at for our community and our county was 2 school districts, one urban and one rural. It was a good idea then and I think it still is, its just figuring out the details of it is where the concerns coming and certainly the legislative happenings in the early 70's made a huge difference. A building that our family owns is on the corner of 5th Ave. and 25th St. and its a little section that was just cut out. Sen. Jens Tenafous owned that land, everything around it is in the Fargo school district, but that little section is in the West Fargo school district. One comment is that we played games with this for a number of years, we maybe do need a little help in getting everyone to sit down and visit on what is best for children as we move forward into the next century.

SEN. EVERY: Maybe you don't remember but how close are those projections from then to now?

ANSWER: Nothing close

SEN. EVERY: so a quarter of a million dollars could be a conservative estimate? Yes

BRUCE FURNESS: Mayor of the city of Fargo gave background of what is happening on this situation from his perspective. In August or September of last fall I made a presentation to the interim Education committee about this situation, about the change in valuation in the Fargo School District and the West Fargo school district and how those valuations have changed over time and how they continue to change over time. In essence, 30 years ago the West Fargo valuations were way down here and Fargo was way up here and what that legislation did 30 years ago caused West Fargo valuations to come up here to where practically even now in West Fargo is now surpassing the Fargo valuations. What we have been proposing over several years is that this situation was the right solution back in 1973 when this occurred, essentially the boundaries of the Fargo school district were frozen, they could no longer expand as the city of Fargo expanded and that was the right solution that solved the problem but there probably should have been some kind of sunset on that or need to view after 10 years, 20 years, 30 years, now 30 years later it has changed considerably. We have some ideas on what the solution is but we don't think it's appropriate for us to come forth with those ideas, we think it needs to be studied and that's the whole intent of this resolution

SEN. URLACHER: what we're really looking at is a 3rd party within? Yes

SEN. TOLLEFSON: is the valuation problem, is that major?

ANSWER: The West Acres area in Fargo has developed in the last 30 years much more than anyone ever anticipated, that section of land and the section of land directly north of it and all of the land west, is in the City of Fargo, belongs to the West Fargo School District, so those valuations that enormously over the years and the City of Fargo valuations have increased also,

have both gone up but West Fargo has gone up more rapidly and today they are basically at the same level.

SEN. TOLLEFSON: this is going to be a facetious question but consolidation would be the answer?

ANSWER; it would certainly be one answer

SEN. URLACHER: so zoning comes into play here somewhere along the line as far as valuations.

ANSWER: to a degree, the property we're talking about is primarily commercially zoned so that has debt valuation is very high and of course there is no students associated with that kind of property, so sort of a double whammy, they get evaluation and no students.

SEN. COOK: now its an issue between West Fargo and Fargo, so what happens when Fargo creeps on Kindred school district? Does this same issue then involve Kindred school district?

ANSWER: depends on what the solution would be. The answer is probably yes, we'd have to deal with that.

SEN. COOK: would you be agreeable with throwing an amendment on here that would change a little bit so that we just study the possibility of one school district in Cass County?

ANSWER; I would be supported of that, I think that predetermines a pose of solution but it is a solution that would solve the problem it would not be very well accepted.

DAN HUFFMAN: Assistant Superintendent for the Fargo Public School District appeared in support stating we're not here to take away from the West Fargo District or diminish it in anyway. What we're suggesting is that this study resolution to put all of the options on the table that could ensure the long term viability of the educational program for all of the kids in our

community. Whether that's one school district or two or we look at a way to share in this growth so that we ensure the long term viability of both school districts. We're open to all of those as possible discussions and what we would hope is that this study resolution would be an open honest straight forward up front process that would put all of those issues on the table and allow us to seriously talk about what's best for the kids.

SEN. COOK: I don't know what the right solution would be, it seems like so many times when we deal with education issues like this, there is always a winner and a loser and again the only way I can think of where you don't have either of those and too where maybe the kids do win is one school district.

RESPONSE: speaking for myself, I would not be opposed to that discussion.

SEN. TOLLEFSON: this thing called equity has been kicked around this session of the legislature to a great extent and this might be a good perfect example of what equity could be and how it could be resolved, hopefully they will study it and I'm sure they will.

ANSWER: I've listened to all of the equity debates on some rural ND, I've from a school district that's losing its community and its tax based to the lake. In this whole issue of equity needs to be addressed, my fear is that we're losing sight of the real debate and that's the adequacy to this.

You can create equity without a nickel of new money and the real issue in the State of ND in my opinion is adequacy and have we been having the adequacy discussion over each of these sessions since 1983 when the word shortfall became a significant portion of our vocabulary, we would not in my opinion be having the equity discussions we're having today. We have forced the equity to the surface because we failed to talk about adequacy and that's just my personal opinion.

SEN. URLACHER: It appears as though the study will lead to where the input will really be coming from Fargo and West Fargo and we will be acting as a third party on the negotiation process.

ANSWER; I think that potential certainly exists.

SEN. FLAKOLL: cosponsor appeared in support stating we need discussion on getting people together to discuss this, there are some differences I know that will be recognized in terms of that may come up in terms of overall costs per pupil because Fargo has a more advantageous student/teacher ratio advantage about 1.5 to 1 fewer students per teacher funding. And teacher compensation is probably about \$3,000 in overall compensation greater in the Fargo school districts than the West Fargo school districts. As a person who serves on the education committee, I would have no qualms if both districts were merged into one. I think a lot of good things could come out of that, a lot of efficiencies and the students would benefit from that.

SEN. COOK: Because I don't see any West Fargo sponsors on the bill is that to any indication that maybe they would just as soon not study this issue?

ANSWER: I asked one senator who's is Judy Lee and what happened was we had the bill earlier and I thought we were seriously past the bill resolution deadline then Legislative Council said no, we could still introduce it so we just did. I think her feeling would be, it's a local issue, but then work it out, but again going back to we kind of took the localness out of it because of what was done with it in the 1973 session.

DAN FREMLING: Board member of the Fargo Board of Education, appeared in support stating I've been on the board since 1998 and every year this issue comes up because members in our community are confused and don't understand why when we talk about certain areas of town

that have a higher tax base, why those dollars are in the West Fargo school district. Some where around 46% of West Fargo's total local revenue is generated from the City of Fargo. So again that 1973 legislation has been successful to the point where we feel that we need to look ahead 30 years from today. Because if we keep going on the path that we are going, then we are going to create what that legislation solved in 1973 but it would be just the opposite. Fargo would be in the poor position and West Fargo would be in the property rich position. Again we are not looking to take anything away from West Fargo. The whole purpose we're here why we're here is because we care about kids. The only reason that we need to study this going forward is for kids. Kids in the whole surrounding area including Kindred and northern Cass and Mapleton. It should be a local issue but we can't do it on our own. I know the word merger consolidation has come up and if that is what would be best for the future, then by all means we should be one district, but I can't say that's the absolute best solution today without sitting down and looking at all the issues together going forward.

JIM JOHNSON: President of the Fargo School Board appeared in support stating a question or two has come up during this testimony on how is Fargo or Fargo education negatively impacted by whatever has gone on in the past. It isn't so much how we've been negatively impacted in the past, its what the future is going to lay out for us. The senate bill that passed that allows West Fargo to build in the City of Fargo honestly came about because we identified the problem and pointed it out to the West Fargo School Board creates a different problem in and of itself. Perhaps it came up in testimony or in the debate on the floor but as soon as West Fargo builds there first building in the City of Fargo, every tax payer in Fargo, not just the ones in the West Fargo school district will then directly be supporting through tax dollars their property tax dollars

that building. The infrastructure, the sewage, the garbage collecting which will all be city of Fargo services are paid by property taxes that I pay and every other resident of Fargo pays not just the ones that lay in the West Fargo school district. So we will be for the first time I believe, directly taking property taxes at a local level, in this case it will be the city assessed valuation of property taxes and using them to support an outlying school district. That alone probably is worth studying to determine if that is the best outcome. As a taxpayer in the state of ND, we need to look for efficiencies wherever we can get them that will provide better outcomes with less state and local dollars being needed. If nothing else this study resolution would give Fargo and West Fargo and perhaps the broader part of Cass County the opportunity to leave the idea behind school consolidation just to get the best outcome with the most sufficient use of dollars.

SEN. URLACHER: have any proposals to solve any problem of that nature been brought before the people in the districts?

ANSWER; every time there's any kind of communication from the school district level this letter that Mr. Fremling passed out, the people immediately think that the Fargo school district for some reason wants West Acres back in its tax base. We don't need West Acres in our tax base, if you'd ask me what I'd like, I'd like all the land south of 52nd Ave. where nobody lives today because I need to have the ability to grow the Fargo school district in terms of population. It really isn't so much about money, its about inefficiencies and we see lots of them. We try and we cooperate a lot as school districts and I don't you to have the impression we don't we share a lot of services. We need to sit down and talk, today's its not about money, its about the kids.

SEN. COOK: Mr. Fleming gave us his letter and in it he references language in century code that his unique to Fargo. Fargo of course has special century code language unique to Fargo and

creates one of the challenges that we have here. Would you be objective to studying the removal of that special language to Fargo also? You say you'd like to grow past, every school district I the state would like to grow and grab more land on the south side of that school district.

ANSWER: I don't necessarily want the land, I'd like the kids. We're open to studying and looking at all parts of the century code that are specific to Fargo.

SEN. COOK: the playing field would be even then?

ANSWER: absolutely.

2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SCR 4036

Senate Finance and Taxation Committee

Conference Committee

Hearing Date **March 8, 2005**

Tape Number	Side A	Side B	Meter #
#2	X		8.7 - 11.5
Committee Clerk Signature <i>Sharon Reynolds</i>			

Minutes:

COMMITTEE WORK

SEN. TOLLEFSON: made a **MOTION FOR DO PASS**, seconded by Sen. Wardner

SEN. COOK: I'm not going to support the resolution as it is, its not going to do what they want it to do I think if we wanted to accomplish even what they said up there at the podium it deserves to be amended. We're not going to solve that issue down there, not the way this amendment is, they talk about a 3 party, they talk about everybody sitting at the table, that's not what is going to happen if we pass this. Its going to be a study resolution, you will not have a 3rd party sitting at the table between you. You are going to have them coming to an interim committee sharing their concerns with the hope that the interim committee passes out a piece of legislation that's going to make one a winner and one a loser. There's no use us getting into the middle of that in my mind.

SEN. WARDNER; I think your talking about should be like the Higher Ed Roundtable.

SEN. COOK: that's the only way you can go with that if you want to solve their problem. Their going to have to come out, those 2 parties together with a solution. We're not going to resolve it by letting them have a fight in front of an interim committee.

SEN. EVERY: if I were to amend it, I would say that it would have to be more than what they had suggested that Fargo and West Fargo set at a table, I think it has to be more than that because I would guess that and he didn't mention what the data said but he said he had data that would say by the year 2050, the city is going to be 250 thousand people, well if that's the case of those people coming from out of state or are they coming from off the farm and my guess would be that some of those are coming for a rural community like Kindred or whatever and they need to be in that conversation as well.

SEN. URLACHER; so your reference is to do what?

The consensus was to delay further action for more research because just having them come to an interim committee will not solve a thing.

2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SCR 4036

Senate Finance and Taxation Committee

Conference Committee

Hearing Date **March 9, 2005**

Tape Number	Side A	Side B	Meter #
# 1	X		0.2 - 6.5
Committee Clerk Signature <i>Sharon Longm</i>			

Minutes:

COMMITTEE WORK

SEN. EVERY: It is a study resolution and that doesn't mean the Legislative Council is going to say go ahead and study it. They may very well that it is up to the locals and let them handle it their own way. I don't think there is any harm done in moving this thing out.

SEN. WARDNER: I will speak against my second to the motion because I was influenced by what Sen. Cook because I know how these things go. What's going to happen is they are going to come out here, come before the interim committee, there's nothing going to happen. They need to do like we did for the Higher Ed Roundtable where you bring people in and leaders and everybody sit down at the table and work this out. I just think coming all the way out to Bismarck before an interim committee meeting, its just spinning their wheels, I have to agree with that, so it would be 2 years lost so if they want to get down to brass tax I think they need to sit down themselves.

SEN. URLACHER: its going to be possessive, that is if we get involved. There are many many other areas that are going to be back here as well. I don't think we should take it away from the locals to solve their problems.

SEN. TOLLEFSON: WITHDREW HIS MOTION FOR DO PASS.

SEN. WARDNER: WITHDREW HIS SECOND TO THAT MOTION and made a **MOTION FOR DO NOT PASS**, seconded by Sen. Tollefson.

SEN. URLACHER: I see where they just have to bring themselves to point of discussion. What would happen is they would bring their people in on both sides and we would be moderator or 3rd party, but all the information would have to come from that and there is always winners and losers, but on that local level is compromise on specific little subjects all along the way, I don't know if we could handle those here. We're getting into zoning, zoning of property locations and districts, they are very difficult for us to pose upon.

SEN. WARDNER: Kindred needs to be involved and I don't know what other school districts need to be involved.

SEN. TOLLEFSON: it can't be fixed I don't think from the stand point of amendments. What can we really do to solve the problem, not only that if we would try we could be inundated with other situations similar to that.

SEN. EVERY: I don't have a dog in this fight and I don't have a problem either way, study it or not study it.

SEN. URLACHER: I guess its whether we want to dig ourselves a hole or not at this point in time.

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Senate Finance and Taxation Committee

Bill/Resolution Number SCR 4036

Hearing Date March 9, 2005

ROLL CALL VOTE: 5-0-1 (Sen. Cook testifying on another bill, leave vote open for him to vote) Sen. Cook back from testifying and voted 6-0-0. Sen. Cook will carry the bill.

Date: 3-9-05
Roll Call Vote #: 1

2005 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HB SCR 4036

Senate Finance and Taxation Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do not Pass

Motion Made By Wardner Seconded By Tollefson

Senators	Yes	No	Senators	Yes	No
Sen. Urlacher	✓		Sen. Bercier	✓	
Sen. Wardner	✓		Sen. Every	✓	
Sen. Cook	✓				
Sen. Tollefson	✓				

Total (Yes) 6 No 0

Absent 0

Floor Assignment COOK

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE (410)
March 9, 2005 8:32 a.m.

Module No: SR-43-4468
Carrier: Cook
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SCR 4036: Finance and Taxation Committee (Sen. Urlacher, Chairman) recommends DO NOT PASS (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SCR 4036 was placed on the Eleventh order on the calendar.